

June 17, 2019

The Honorable Chuck Grassley
Chairman
Committee on Finance
United States Senate
219 Dirksen Senate Office Building
Washington, D.C. 20510

The Honorable Ron Wyden
Ranking Member
Committee on Finance
United States Senate
219 Dirksen Senate Office Building
Washington, D.C. 20510

The Honorable Richard Neal
Chairman
House Committee on Ways and Means
1102 Longworth House Office Building
Washington, D.C. 20515

The Honorable Kevin Brady
Ranking Member
House Committee on Ways and Means
1102 Longworth House Office Building
Washington, D.C. 20515

Dear Chairman Grassley, Ranking Member Wyden, Chairman Neal and Ranking Member Brady,

In advance of your committees' upcoming hearings with U.S. Trade Representative Robert Lighthizer on the president's 2019 Trade Policy Agenda and United States-Mexico-Canada Agreement (USMCA, or "the new NAFTA"), the Consumer Technology Association (CTA) urges you to support free, fair and open trade relationships in the region and globally. Trade is good for American companies, employees and consumers. Advancing trade agreements, such as the new NAFTA, will help create jobs and boost our economy. Imposing tariffs and escalating a trade war will only hurt Americans. We respectfully request you consider the following points as you prepare for the hearing:

International trade is vital to the consumer technology sector in the U.S. The President's trade agenda and America's trade policies should focus on international market access for U.S. companies and the removal of tariff and non-tariff barriers to entry which benefit U.S. companies and U.S. consumers. A trade agenda focused on exports vastly expands the market opportunities for U.S. tech companies and allows Americans to access lower-cost consumer technologies that enable them to innovate and create.

The Trump Administration's current and threatened tariffs inflict significant damage on our economy – tariffs on \$250 billion worth of Chinese imports cost the U.S. economy \$7.8 billion in 2018. Tariffs are taxes. They harm American companies' competitiveness, raise costs for consumers and bring inevitable retaliation through increased duties on U.S. exports.

Producer of



President Trump is correct to spotlight China's unfair trade practices. CTA members and U.S. companies have long complained about China's rampant intellectual property theft, forced technology transfer and opaque rules for U.S. investment. But tariffs are not the answer.

The administration's tariffs under Section 232 and Section 301 cost every middle-class family \$767 a year. American consumers have paid \$3 billion a month in additional tax costs, while American companies have absorbed a further \$1.4 billion in losses. The tariffs also have cost Americans one million jobs, to date. We need a different approach to China's unfair trade acts.

Instead of taxing Americans and restricting trade relations, the administration should support the U.S. economy by advancing trade agreements, including the new NAFTA and Trans-Pacific Partnership. Working through the latter agreement, the U.S. could force China to the table and require the country to adjust its trade policies.

The new NAFTA is a rare example of productive trade relations. The Agreement will bolster U.S. exports and create jobs for American workers. It will help modernize NAFTA and may serve as a model for additional regional trade agreements. Importantly, the agreement supports America's innovation by reducing barriers to digital trade, preventing discrimination of America's online payment platforms and eliminating technical barriers to trade.

As the Trump Administration looks to the remainder of 2019, we fervently hope it will pursue productive avenues of dialogue in negotiating trade agreements and put aside destructive escalation tactics. Thank you for your attention and for supporting free trade principles that help American producers, workers and consumers.

Sincerely,

A handwritten signature in black ink, appearing to read "Gary Shapiro". The signature is fluid and cursive, with the first name "Gary" being more prominent than the last name "Shapiro".

Gary Shapiro
President and CEO
Consumer Technology Association

cc: Senate Finance Committee Members
House Ways and Means Committee Members